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CORPORATION TAX. VOTE REQUIREMENTS. RESTRICTIONS AND LIMITATIONS. INITIATIVE CONSTITUTIONAL AMENDMENT AND STATUTE.

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SECRETARY OF STATE
KEVIN SHELLEY
STATE OF CALIFORNIA

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December 15, 2003

TO: ALL COUNTY CLERKS/REGISTRARS OF VOTERS AND
PROPONENTS (03370)

FROM: Brianna Lierman
BRIANNA LIERMAN
ELECTIONS ANALYST

SUBJECT: FAILURE OF INITIATIVE #989

Pursuant to Elections Code section 9030(b), you are hereby notified that the total number of signatures to the hereinafter named INITIATIVE CONSTITUTIONAL AMENDMENT AND STATUTE filed with all county elections officials is less than 100 percent of the number of qualified voters required to find the petition sufficient; therefore, the petition has **failed**.

TITLE: CORPORATION TAX. VOTE REQUIREMENTS.
RESTRICTIONS AND LIMITATIONS.

SUMMARY DATE: 07/03/03

PROPONENTS: Lenny Goldberg and Roy Ulrich

ELECTIONS DIVISION

1500 11TH STREET - 5TH FLOOR • SACRAMENTO, CA 95814 • (916) 657-2166 • WWW.SS.CA.GOV



SECRETARY OF STATE
KEVIN SHELLEY
STATE OF CALIFORNIA

RECEIVED
JUL 09 2003
HASTINGS COLLEGE OF THE LAW

July 3, 2003

TO: ALL REGISTRARS OF VOTERS/COUNTY CLERKS AND PROPONENTS
(03140)

FROM:

Brianna Lierman

Brianna Lierman
Elections Analyst

SUBJECT: **INITIATIVE #989**

Pursuant to Elections Code section 336, we transmit herewith a copy of the Title and Summary prepared by the Attorney General on a proposed initiative measure entitled:

**CORPORATION TAX. VOTE REQUIREMENTS.
RESTRICTIONS AND LIMITATIONS.
INITIATIVE CONSTITUTIONAL AMENDMENT AND STATUTE.**

The proponents of the above-named measure are:

Lenny Goldberg and Roy Ulrich

c/o Lenny Goldberg and Associates
926 J Street, Suite 710
Sacramento, CA 95814

(916) 446-4300

ELECTIONS DIVISION

1500 11TH STREET - 5TH FLOOR • SACRAMENTO, CA 95814 • (916) 657-2166 • WWW.SS.CA.GOV

#989
CORPORATION TAX. VOTE REQUIREMENTS.
RESTRICTIONS AND LIMITATIONS.
INITIATIVE CONSTITUTIONAL AMENDMENT AND STATUTE.

CIRCULATING AND FILING SCHEDULE

1. Minimum number of signatures required:..... 598,105
California Constitution, Article II, Section 8(b)
2. Official Summary Date:Thursday, 07/03/03
3. Petitions Sections:
 - a. First day Proponent can circulate Sections for
signatures (EC §336)..... Thursday, 07/03/03
 - b. Last day Proponent can circulate and file
with the county. All sections are to be filed at the
same time within each county (EC §336, 9030(a))Monday, 12/01/03*
 - c. Last day for county to determine total number of
signatures affixed to petitions and to transmit total
to the Secretary of State (EC §9030(b)). Thursday, 12/11/03

(If the Proponent files the petition with the county on a date prior to 12/01/03, the
county has eight working days from the filing of the petition to determine the total
number of signatures affixed to the petition and to transmit the total to the
Secretary of State) (EC §9030(b)).
 - d. Secretary of State determines whether the total number
of signatures filed with all county clerks/registrars of
voters meets the minimum number of required signatures,
and notifies the countiesSaturday, 12/20/03**
 - e. Last day for county to determine total number of qualified
voters who signed the petition, and to transmit certificate
with a blank copy of the petition to the Secretary of State
(EC §9030(d)(e))Wednesday, 02/04/03

*Date adjusted for actual deadline, which falls on a Sunday.

*Date varies based on the date of county receipt of verification.

INITIATIVE #989

Circulating and Filing Schedule continued:

(If the Secretary of State notifies the county to determine the number of qualified voters who signed the petition on a date other than 12/20/03, the last day is no later than the thirtieth day after the county's receipt of notification).(EC §9030(d)(e)).

- f. If the signature count is more than 657,916 or less than 568,200 then the Secretary of State certifies the petition as qualified or failed, and notifies the counties. If the signature count is between 568,200 and 657,916 inclusive, then the Secretary of State notifies the counties using the random sampling technique to determine the validity of **all** signatures (EC §9030(f)(g); 9031(a))..... Saturday, 02/14/04*
- g. Last day for county to determine actual number of all qualified voters who signed the petition, and to transmit certificate with a blank copy of the petition to the Secretary of State. (EC §9031(b)(c))..... Monday, 03/29/04

(If the Secretary of State notifies the county to determine the number of qualified voters who have signed the petition on a date other than 02/14/04, the last day is no later than the thirtieth working day after the county's receipt of notification) (EC §9031(b)(c)).

- h. Secretary of State certifies whether the petition has been signed by the number of qualified voters required to declare the petition sufficient (EC §9031(d); 9033)Friday, 04/02/04*

*Date varies based on receipt of county certification.

IMPORTANT POINTS

- California law prohibits the use of signatures, names and addresses gathered on initiative petitions for any purpose other than to qualify the initiative measure for the ballot. This means that the petitions cannot be used to create or add to mailing lists or similar lists for any purpose, including fundraising or requests for support. Any such misuses constitutes a crime under California law. Elections Code section 18650; *Bilofsky v. Deukmejian* (1981) 124 Cal. App. 3d 825, 177 Cal. Rptr. 621; 63 Ops. Cal. Atty. Gen. 37 (1980).
- Please refer to Elections Code sections 100,101,104,9001, 9008, 9009, 9021, and 9022 for appropriate format and type consideration in printing, typing and otherwise preparing your initiative petition for circulation and signatures. Please send a copy of the petition after you have it printed. This copy is not for our review or approval, but to supplement our file.
- Your attention is directed to the campaign disclosure requirements of the **Political Reform Act of 1974**, Government Code section 81000 et seq.
- When writing or calling state or county elections officials, provide the official title of the initiative which was prepared by the Attorney General. Use of this title will assist elections officials in referencing the proper file.
- When a petition is presented to the county elections official for filing by someone other than the proponent, the required authorization shall include the name or names of the persons filing the petition.
- When filing the petition with the county elections official, please provide a blank petition for elections official use.

Enclosures

BILL LOCKYER
Attorney General

State of California
DEPARTMENT OF JUSTICE



1300 I STREET, SUITE 125
P.O. BOX 944255
SACRAMENTO, CA 94244-2550
Public: (916) 445-9555

Facsimile: (916) 324-8835
Phone: (916) 324-5490

FILED

July 3, 2003

in the office of the Secretary of State
of the State of California

JUL 03 2003

Kevin Shelley
Secretary of State
1500 - 11th Street, 5th Floor
Sacramento, California 95814

KEVIN SHELLEY, Secretary of State

By Brianne Lierna
Deputy Secretary of State

RE: Initiative Title and Summary
SUBJECT: CORPORATION TAX. VOTE REQUIREMENTS.
RESTRICTIONS AND LIMITATIONS.
INITIATIVE CONSTITUTIONAL AMENDMENT AND STATUTE.
FILE NO: SA2003RF0019, Amdt. #1-NS

Dear Mr. Shelley:

Pursuant to the provisions of sections 9004 and 336 of the Elections Code, you are hereby notified that on this day we mailed our title and summary to the proponents of the above-identified proposed initiative.

Enclosed is a copy of our transmittal letter to the proponents, a copy of our title and summary, a declaration of service thereof, and a copy of the proposed measure.

According to information available in our records, the names and addresses of the proponents are as stated on the declaration of service.

Sincerely,


for TRICIA KNIGHT
Initiative Coordinator

For BILL LOCKYER
Attorney General

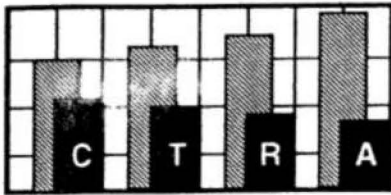
TK
Enclosures

The Attorney General of California has prepared the following title and summary of the chief purpose and points of the proposed measure:

CORPORATION TAX. VOTE REQUIREMENTS. RESTRICTIONS AND LIMITATIONS.

INITIATIVE CONSTITUTIONAL AMENDMENT AND STATUTE. Allows Legislature to repeal or amend, by the same vote requirement originally needed to enact it, any Corporation Tax credit, deduction, exemption, exclusion or special lower tax rate, and defines these as "corporate tax preferences." Provides that new corporate tax preferences expire after five years, subject to limited re-enactment by Legislature. Requires that Legislature annually review such preferences. Requires that any additional revenues from repealing or amending such preferences be deposited in reserve fund; provides reserve fund to be used for specific purposes, not to increase state spending. Summary of estimate by Legislative Analyst of fiscal impact on state and local governments: Potentially significant state revenue increases resulting from reducing the legislative vote requirement necessary to eliminate or limit certain special corporation tax provisions. Any increases could be used to fund state's current obligations, for tax reductions, and/or for increases in the state's reserve fund. Fiscal impacts would depend on the composition and actions of future Legislatures. Summary of estimate by Director of Finance of fiscal impact on state and local governments: Potentially significant state revenue changes resulting from reducing the legislative vote requirement to eliminate or limit certain special corporation tax provisions. Any changes would affect funding of state's current obligations, tax changes, and/or changes to the state's reserve fund. The actual fiscal impacts would depend on the composition and actions of future Legislatures.

SA2003 RF0019, AMDT.
#1-NS



California Tax Reform Association

926 J Street, Suite 710, Sacramento, CA 95814

Telephone 916-446-4300 FAX 916-444-6611

E-mail: lga@mother.com

May 15, 2003

RECEIVED
MAY 16 2003

INITIATIVE COORDINATOR
ATTORNEY GENERAL'S OFFICE

Ms. Trisha Knight
Attorney General's Office
1300 I Street
Sacramento, CA 95814

Please add Roy Ulrich as a co-proponent for the Corporate Tax Accountability Act. You have already received his required statements along with his residence address. We are requesting the Attorney General prepare a title and summary of our measure.

If you should have any questions or need any further information, please do not hesitate to contact us.

Thank you for your assistance in this matter

Sincerely,

Lenny Goldberg
Lenny Goldberg & Associates

SA2003RF0019, AMAT.
#1-NS

May 9, 2003

Ms. Tricia Knight
Office of the Attorney General
1300 I Street
Sacramento, CA 95814

RECEIVED

MAY 16 2003

INITIATIVE COORDINATOR
ATTORNEY GENERAL'S OFFICE

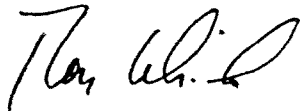
Re: Corporate Tax Accountability Act
No. SA2003RF0019

Dear Ms Knight:

Please add my name as a second proponent of the above-referenced initiative constitutional amendment. My residence address is attached.

Under separate cover, you will advised by the original proponent (Lenny Goldberg) that he is agreeable to your taking this course of action. All correspondence and inquiries should continue to be sent to the address he previously provided you.

Sincerely yours,



Roy Ulrich

enc.

Section 1: Title

This measure shall be known and may be cited as the "Corporate Tax Accountability Act."

Section 2: Findings and Purpose

The People of the State of California find and declare that:

1. The Corporation Tax has become riddled with so many special interest credits, exemptions, exclusions and other tax preferences that many corporations pay little or no tax in California.
2. These tax preferences have shifted the burden of taxes to ordinary taxpayers, so that the share of the state's tax burden borne by corporations has declined by 37% since 1985.
3. So many new corporate tax preferences have been added since 1985 that, despite periods of rapid economic growth, corporate tax revenues needed to fund our schools, health care, public safety, and other services have not kept pace with economic growth.
4. New corporate tax preferences and rate reductions adopted since 1985 have lowered taxes on corporate profits by 45%. In 1985, corporations paid 9.6% of their profits in California taxes. By 2000, corporations were paying only 5.3% of their profits in taxes.
5. Corporate lobbyists claim more and more new corporate tax preferences are needed to create new jobs and investment. However, once these preferences are adopted, they continue in effect without scrutiny whether or not they result in a single new job or dollar of investment.
6. Unequal vote requirements protect the corporate beneficiaries of tax preferences from accountability at the expense of ordinary taxpayers. Current law makes it easy to pass corporate tax preferences and hard to repeal or reduce them once they are adopted. Corporate tax preferences can be enacted by a simple majority vote, but a two-thirds vote is required to repeal corporate tax preferences or to amend them to reduce their cost.

Section 3. Purpose and Intent

1. In order to hold corporations more accountable for the tax preferences they receive, the People of the State of California do hereby enact the Corporate Tax Accountability Act. This measure is intended to accomplish its purpose by amending the California Constitution and the statutes of California to:

- a) Allow the Legislature to repeal or reduce corporate tax preferences based on the same vote requirement that applies to their enactment.

b) Require the Legislature to review corporate tax preferences annually as part of the budget process to determine their cost, purpose, effectiveness and fairness.

c) Require that all corporate tax preferences enacted or expanded after January 1 of the year this Act goes into effect can stay in effect no more than five years unless they are reenacted for a period of up to five years by the Legislature.

d) Require any additional revenues that result from repealing or reducing a corporate tax preference be deposited in the Prudent State Reserve Fund, which can only be used when General Fund revenues fall below current service levels or to respond to an emergency declared by the Governor. Funds in the Reserve can only be used for these purposes and cannot be used to increase spending.

Section 4: Article XIII A, section 3 of the California Constitution is amended to read:

Sec. 3. (a) From and after the effective date of this article, any changes in state taxes enacted for the purpose of increasing revenues collected pursuant thereto, whether by increased rates or changes in methods of computation, must be imposed by an Act passed by not less than two-thirds of all members elected to each of the two houses of the Legislature, except that no new ad valorem taxes on real property, or sales or transaction taxes on the sales of real property may be imposed.

(b) Notwithstanding subdivision (a) of this Section or any other provision of law or of this Constitution, the Legislature may repeal or amend any corporate tax preference by the same vote requirement necessary to pass the bill in which it was enacted.

(c) The Legislature shall review each corporate tax preference annually as part of the budget process and shall determine the cost of the preference, whether the preference serves an important public purpose, whether the public benefits achieved by the preference are commensurate with its costs, and whether the private benefits of the preference are fairly distributed.

(d) Any statute creating or expanding a corporate tax preference enacted after January 1 of the year this Act goes into effect is repealed five years from the date of the enactment unless enacted for successive periods of no more than five years each.

(e) The Department of Finance shall calculate the amount of additional revenues that result from every repeal or amendment of any tax preference enacted after January 1, 1985, and the amount shall be deposited in the Prudent State Reserve Fund established pursuant to Section 5.5 of Article XIII B. Appropriations from the fund may be made only in years in which revenues are not sufficient to fund current General Fund service levels or in response to a state of emergency declared by the Governor. Appropriations from the fund may only be used for these purposes and may not be used to increase expenditures. Notwithstanding Section 5 of Article XIII B, contributions to the fund shall not constitute appropriations subject to limitation until they are appropriated for expenditure from the fund.

(f) For purposes of this Section, a corporate tax preference shall mean any credit, deduction not consistent with generally accepted accounting principles, special tax rate lower than the rate or rates applying generally to corporate taxpayers, exemption, exclusion, or election which reduces the tax liability of a corporation and was adopted after January 1, 1985.

Section 5: Section 9518 is hereby added to the Government Code to read as follows:

9518. For the purposes of Article XIII A, section 3, subdivision (e) of the California Constitution, "current General Fund service levels" shall mean levels of service as of June 30 of the prior fiscal year necessary to meet the constitutional, statutory, and contractual obligations of the state adjusted for population and cost of living as provided in Article XIII B, Section 8 of the Constitution as of the effective date of this measure.

Section 6. Severability

If any of the provisions of this measure or the applicability of any provision of this measure to any person or circumstances shall be found to be unconstitutional or otherwise invalid, such finding shall not affect the remaining provision or applications of this measure to other persons or circumstances, and to that extent the provisions of this measure are deemed to be severable.

Section 7: Amendment

By rollcall vote entered in the journal of each house, fifty-five percent of the membership concurring, the Legislature may amend Section 9518 of the Government Code to further the purposes of this Act.

Section 7: Conflicting Initiatives

In the event that this measure and another measure or measures relating to the legislative votes required to increase taxes, reduce corporate tax preferences, or enact or increase fees shall appear on the same statewide election ballot, the provisions of the other measure or measures shall be deemed to be in conflict with this measure. In the event that this measure receives a greater number of affirmative votes, the provisions of this measure shall prevail in their entirety, and the provisions of the other measure relating to the legislative votes required to increase taxes, reduce corporate tax preferences, or enact or increase fees shall be null and void. Notwithstanding any other provision of this Section, however, if a measure that provides for a 55% vote requirement to adopt a budget and related taxes appears on the same ballot as this measure, and that measure passes but receives fewer votes than this measure, that measure is not in conflict with this measure and may take effect in its entirety except that the provisions of this measure with respect to corporate tax preferences shall prevail.

